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HOUSE BILL 4

47TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SPECIAL SESSION, 2005

INTRODUCED BY

Greg Payne

AN ACT

**RELATING TO TAXATION; AMENDING THE INCOME TAX ACT TO REDUCE
INCOME TAX RATES FOR CERTAIN TAXPAYERS; REPEALING LAWS 2005,
CHAPTER 104, SECTION 4.**

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

**Section 1. Section 7-2-7 NMSA 1978 (being Laws 2003,
Chapter 2, Section 5, as amended) is amended to read:**

**"7-2-7. INDIVIDUAL INCOME TAX RATES. --The tax imposed by
Section 7-2-3 NMSA 1978 shall be at the following rates for any
taxable year beginning in 2006:**

A. For married individuals filing separate returns:

| | |
|--|---|
| If the taxable income is: | The tax shall be: |
| Not over \$4,000 | 1.7% of taxable income |
| Over \$ 4,000 but not over \$ 8,000 | \$ 68.00 plus 3.2% of excess over \$ 4,000 |

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1 Over \$ 8,000 but not over \$ 12,000 \$ 196 plus 4.7% of
2 excess over \$ 8,000
3 Over \$ 12,000 \$ 384 plus [~~5.8%~~] 5.3%
4 of excess over \$ 12,000.

5 B. For heads of household, surviving spouses and
6 married individuals filing joint returns:

7 If the taxable income is: The tax shall be:
8 Not over \$8,000 1.7% of taxable income
9 Over \$ 8,000 but not over \$ 16,000 \$ 136 plus 3.2% of
10 excess over \$ 8,000
11 Over \$ 16,000 but not over \$ 24,000 \$ 392 plus 4.7% of
12 excess over \$ 16,000
13 Over \$ 24,000 \$ 768 plus [~~5.8%~~] 5.3%
14 of excess over \$ 24,000.

15 C. For single individuals and for estates and
16 trusts:

17 If the taxable income is: The tax shall be:
18 Not over \$5,500 1.7% of taxable income
19 Over \$ 5,500 but not over \$ 11,000 \$ 93.50 plus 3.2% of
20 excess over \$ 5,500
21 Over \$ 11,000 but not over \$ 16,000 \$ 269.50 plus 4.7% of
22 excess over \$ 11,000
23 Over \$ 16,000 \$ 504.50 plus [~~5.8%~~] 5.3%
24 of excess over \$ 16,000.

25 D. The tax on the sum of any lump-sum amounts

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1 included in net income is an amount equal to five multiplied by
2 the difference between:

3 (1) the amount of tax due on the taxpayer's
4 taxable income; and

5 (2) the amount of tax that would be due on an
6 amount equal to the taxpayer's taxable income and twenty
7 percent of the taxpayer's lump-sum amounts included in net
8 income. "

9 Section 2. Section 7-2-7 NMSA 1978 (being Laws 2003,
10 Chapter 2, Section 6, as amended) is amended to read:

11 "7-2-7. INDIVIDUAL INCOME TAX RATES. --The tax imposed by
12 Section 7-2-3 NMSA 1978 shall be at the following rates for any
13 taxable year beginning on or after January 1, 2007:

14 A. For married individuals filing separate returns:

| 15 If the taxable income is: | The tax shall be: |
|---|---|
| 16 Not over \$4,000 | 1.7% of taxable income |
| 17 Over \$ 4,000 but not over \$ 8,000 | \$ 68.00 plus 3.2% of |
| 18 | excess over \$ 4,000 |
| 19 Over \$ 8,000 but not over \$ 12,000 | \$ 196 plus 4.7% of |
| 20 | excess over \$ 8,000 |
| 21 Over \$ 12,000 | \$ 384 plus [5.3% <u>4.9%</u> |
| 22 | of excess over \$ 12,000. |

23 B. For heads of household, surviving spouses and
24 married individuals filing joint returns:

25 If the taxable income is: The tax shall be:

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[bracketed material] = delete

1 Not over \$8,000 1.7% of taxable income
2 Over \$ 8,000 but not over \$ 16,000 \$ 136 plus 3.2% of
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5 excess over \$ 16,000
6 Over \$ 24,000 \$ 768 plus [~~5.3%~~] 4.9%
7 of excess over \$ 24,000.

8 C. For single individuals and for estates and
9 trusts:

10 If the taxable income is: The tax shall be:
11 Not over \$5,500 1.7% of taxable income
12 Over \$ 5,500 but not over \$ 11,000 \$ 93.50 plus 3.2% of
13 excess over \$ 5,500
14 Over \$ 11,000 but not over \$ 16,000 \$ 269.50 plus 4.7% of
15 excess over \$ 11,000
16 Over \$ 16,000 \$ 504.50 plus [~~5.3%~~] 4.9%
17 of excess over \$ 16,000.

18 D. The tax on the sum of any lump-sum amounts
19 included in net income is an amount equal to five multiplied by
20 the difference between:

- 21 (1) the amount of tax due on the taxpayer's
22 taxable income; and
23 (2) the amount of tax that would be due on an
24 amount equal to the taxpayer's taxable income and twenty
25 percent of the taxpayer's lump-sum amounts included in net

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1 income. "

2 Section 3. REPEAL. -- Laws 2005, Chapter 104, Section 4 is
3 repealed.

4 Section 4. EFFECTIVE DATES. --

5 A. The effective date of the provisions of Section
6 1 of this act is July 1, 2006.

7 B. The effective date of the provisions of Section
8 2 of this act is July 1, 2007.

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